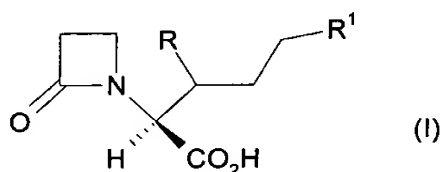


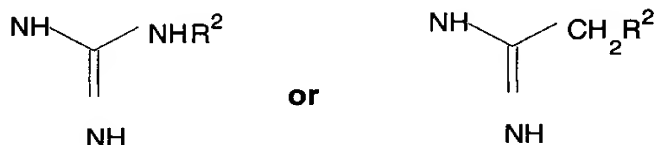
**In the Claims:**

Please amend claims 15 and 16 as follows:

15. (Amended) A process for preparing compounds of formula (I)

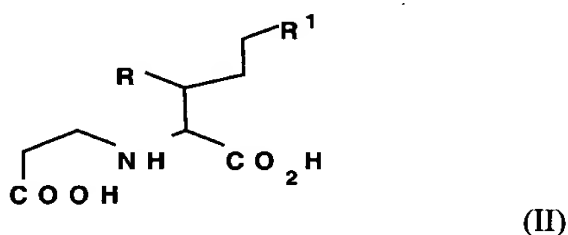


wherein R is H or OH and R<sup>1</sup> is



and where R<sup>2</sup> = H or C<sub>1-6</sub> alkyl

by contacting a compound of formula (II)

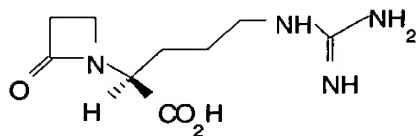


where the variables are as defined in formula (I)

with an isolated polypeptide having at least 95% identity to the amino acid sequence of SEQ ID NO:2 over the entire length of SEQ ID NO:2, and having  $\beta$ -lactam synthetase activity.

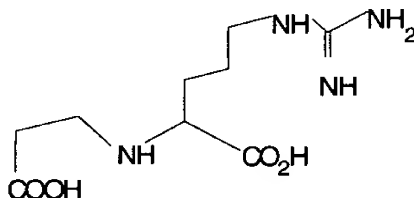
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16. (Amended) A process for preparing a compound of formula (IV)



(IV)

C3 by contacting N<sup>2</sup>-(2-carboxyethyl)-(S)-arginine; formula (III)



(III)

with an isolated polypeptide having at least 95% identity to the amino acid sequence of SEQ ID NO:2 over the entire length of SEQ ID NO:2, and having  $\beta$ -lactam synthetase activity.

- C4 19. (Amended) A process according to claim 15 or 16 wherein the polypeptide having  $\beta$ -lactam synthetase activity is native to *Streptomyces* species.

#### REMARKS

Claims 15-28 are pending in the application. Of the above claims, 21, 22 and 24-28 are withdrawn from consideration. Claims 15-20 and 23 are rejected. Claims 19 and 23 are objected to. Claims 15 and 16 have been amended herein. Support for these amendments is provided at page 4, lines 19-21, page 5, lines 26-28, and page 9, lines 18-23 of the specification. No new matter has been added.

Attached hereto is a marked-up version of the changes made to the claims by the current amendment. The attached page is captioned "Version with markings to show changes made."